

FILED

SEP 22 1997
SECRETARY, BOARD OF
OIL, GAS & MINING

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

---oo0oo---

IN THE MATTER OF THE PETITION	:	REPLY OF THE DIVISION OF OIL,
FILED BY THE DIVISION OF OIL,	:	GAS AND MINING TO THE
GAS AND MINING FOR AN ORDER	:	RESPONSE OF JUMBO MINING
REQUIRING IMMEDIATE	:	COMPANY
RECLAMATION OF THE DRUM	:	
MINE, FROM WESTERN STATES	:	DOCKET NO. 97-009
MINERALS CORPORATION AND	:	CAUSE NO. M/027/007
JUMBO MINING COMPANY,	:	
MILLARD COUNTY, UTAH.	:	

---oo0oo---

COMES NOW the Division of Oil, Gas and Mining ("Division") and offers its reply.

PRELIMINARY STATEMENT

The Division seeks an Order of the Board directing Jumbo Mining Company ("JMC") and Western States Minerals Corporation ("Western States") to begin reclamation of a mine site which has been wholly inactive since October 1990, including areas of the site which have been inactive since 1988. The Division brings this action pursuant to its authority under R647-4-117. Under R647-5-101 the Division may hold an informal hearing on an action commenced under R647-4-117. However, the Division Director has the authority to convert a hearing from informal to formal. Pursuant to R647-5-105 the Division Director has chosen to convert the informal adjudication to a formal adjudication. R647-5-105 states, "Any time before a final order is issued in any adjudicative proceeding before the Division,

the Division Director may convert an informal adjudicative proceeding to a formal adjudicative proceeding if:

- 1.11 Conversion of the proceedings is in the public interest; and
- 1.12 Conversion of the proceeding does not unfairly prejudice the rights of any party to a formal adjudication because a rapid resolution of the matter is both in the public's interest and does not unfairly prejudice the rights of any party.

On April 9, 1997, the Division Director made the requisite findings. (EXHIBIT A)

ARGUMENT

JMC sets forth two defenses to the entry of an Order directing reclamation. The first defense asserts that the mine is still active. The second defense asserts that reclamation of the mine site at this time would be wasteful.

I. The Record In This Case Demonstrates That The Drum Mine Is Inactive

JMC states for the first time in its response that the Drum Mine is an active mine. This is contrary to its past representations to the State of Utah. JMC's own annual reports, which it certified, contradict its new assertion. (Group EXHIBIT B). JMC filed the required annual mining reports for the years 1990-93 and 1995 asserting that the mine was inactive. JMC failed to file in 1994.

There is no support for JMC's assertion that the Division considers the Drum Mine to be active. Nothing in the Division files classifies the Drum Mine site as active since the Division of Water Quality forced closure of the heaps in 1990. (EXHIBIT C). Moreover,

BLM inspections corroborated by Division inspections, have consistently classified the site as inactive. While limited exploration has occurred in a distant part of the permit area M/027/007, this area was only incorporated into the permit area by consolidating two permits for ease of administrative convenience not to forestall contemporaneous reclamation. Moreover, exploration has occurred outside of the area in which the Division is seeking reclamation. The Division is presently NOT seeking reclamation of JMC's Alto Pit precisely because the Division does not seek reclamation of active areas.

The issue for the Board is whether the heap leach area is an active mine area not whether mining activity is occurring on the periphery of an enlarged permit area. JMC's own annual reports and its failure to object to the BLM's classification of the mine site as inactive is the best evidence of its real status, that is inactive.

II. The Division Does Not Seek The Destruction of Usable Assets Only Compliance With The Purpose of the Mined Land Reclamation Act

The Division is not seeking the destruction of usable assets. The area of JMC's permit where active exploration has occurred is not the area in which the Division seeks reclamation. Similarly, the Division is prepared to exempt, at the request of the operator, any building or other facilities that JMC can demonstrate are reasonably related to ongoing operations. The Division is not seeking an order of immediate reclamation in the areas where active exploration actively exists. The Division is seeking reclamation in areas that have not been used and which are not likely to be used in an active mine's operation. JMC's interpretation of the Utah Mined Land Reclamation Act and R647-4-117 would allow a mining operation to cease mining and indefinitely avoid its responsibility to conduct

reclamation as long as some portion of the permit area was subject to some related activity.

This reading of the Act violates the express objectives of the Act. Utah Code Ann. § 40-8-12 states:

The objectives of mined land reclamation are:

- (1) to return the land, **concurrently** with mining or within a **reasonable amount of time** thereafter, to a stable ecological condition compatible with past, present, and probable future local land uses;
- (2) to minimize or prevent present and future on-site or off-site environmental degradation caused by mining operations to the ecological and **hydrological regimes** and to meet other pertinent **state and federal regulations** regarding air and **water** quality standards and health and safety criteria; and
- (3) to minimize or prevent future hazards to public safety and welfare.

Utah Code Ann. § 40-8-12 (1993).

The real issue before the Board concerns the propriety of the reclamation of a heap leach complex physically no longer capable of being leached without violating state and federal regulations. This goal is entirely consistent with State law.

It is at best disingenuous to suggest that JMC's failure to submit to the required notification under R647-4-117 of its five-year suspension is a basis for resisting reclamation. JMC's failure to comply with applicable law is not a justification for failure to reclaim as required by law.

JMC's contention that the State is not harmed by the continued unreclaimed status of the land is contradicted by its previous contentions. In an earlier matter, JMC stated that Western States' failure to reclaim its area was damaging to the State of Utah. In a pleading filed May 20, 1991, JMC stated, "The State of Utah is clearly being damaged by allowing

the land disturbed by Western States to go unreclaimed while the litigation progresses, as the resolution of that action could be delayed for some time if the decision of the trial court is appealed." (EXHIBIT D at p. 3) More than six years of inactivity and degradation have passed since that pleading without JMC reclaiming its disturbed area. JMC makes no attempt to explain why the State is damaged by Western States' failure to reclaim but is not damaged by JMC's failure to reclaim.

In sum, the Division's request for an order to reclaim is mandated by the express legislative purpose of the Utah Mined Land Reclamation Act. The Division only seeks reclamation of those areas that have not and realistically can not be been used to support mining operations for over five years. Finally, JMC's record of non-compliance with R647-4-117 is not a defense to an order requiring reclamation.

DATED this 19th day of September, 1997.

By Daniel G. Moquin

Daniel G. Moquin
Assistant Attorney General
1594 West North Temple, Suite 300
P.O. Box 140855
Salt Lake City, UT 84114-0855
Telephone: (801) 538-7227

CERTIFICATE OF SERVICE

I hereby certify that I mailed, postage prepaid, a true and correct copy of the foregoing REPLY OF THE DIVISION OF OIL, GAS AND MINING TO THE RESPONSE OF JUMBO MINING COMPANY for Docket No. 97-009 this 22nd day of September 1997, to the following:

H. Michael Keller, Esq.
VAN COTT, BAGLEY, CORNWALL
& McCARTHY
Attorney for Western States Minerals Corp.
50 South Main Street, Suite 1600
Salt Lake City, UT 84144

Steven Alferts, Esq.
Christopher Hayes, Esq.
ALFERS & CARVER
Attorneys for Western States Mineral Corp.
730 17th Street, Suite 340
Denver, CO 80202

Z. Lance Samay, Esq.
Attorney for Jumbo Mining Company
1 Washington Street
P.O. Box 130
Morristown, NJ 07963

Lawrence J. Jensen, Esq.
HOLLAND & HART LLP
Attorney for Jumbo Mining Company
215 South State Street, Suite 500
Salt Lake City, UT 84111

Thomas A. Mitchell, Esq.
Assistant Attorney General
Attorney for the
Division of Oil, Gas & Mining
160 East 300 South, Sixth Floor
P.O. Box 140857
Salt Lake City, UT 84114-0857

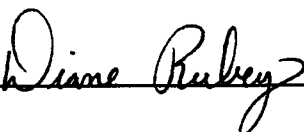
Ronald Teseneer
Sherri Wysong
Fillmore District Office
Bureau of Land Management
35 East 500 North
Fillmore, UT 84631

David Rupp
Division of Water Quality
Department of Environmental Quality
288 North 1460 West
Salt Lake City, UT 84116

HAND DELIVERED TO:

Patrick J. O'Hara
Assistant Attorney General
Attorney for the
Board of Oil, Gas & Mining
1594 West North Temple, Suite 300
P.O. Box 140855
Salt Lake City, UT 84114-0855

Daniel G. Moquin, Esq.
Assistant Attorney General
Attorney for the
Division of Oil, Gas & Mining
1594 West North Temple, Suite 300
P.O. Box 140855
Salt Lake City, UT 84114-0855





State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

A

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

April 9, 1997

Mr. Allan R. Cerny, Secretary
Western States Minerals Corporation
4975 Van Gordon Street
Wheat Ridge, Colorado 80033

Mr. E. B. King
Jumbo Mining Company
6305 Fern Spring Cove
Austin, Texas 78730

Re: Notice of Agency Action in the Matter of the Drum Mine

Dear Messrs. Cerny and King:

The Division of Oil, Gas and Mining has determined to commence a formal hearing before the Board of Oil, Gas and Mining and is seeking an order of the Board to the operators of the Drum Mine to immediately begin, and pursue to completion, reclamation of the mine.

The Division finds that the heretofore informal proceedings should be converted to formal proceedings before the Board. Pursuant to Utah rule R647-5-105.1, the Division has determined that conversion of the proceeding is in the public interest; and that conversion of the proceeding does not unfairly prejudice the rights of any party. Conversion of the Drum Mine adjudication is clearly in the public interest in that it will expedite the reclamation of a mine site that has been inactive and unreclaimed since October of 1990. The public will benefit from the restoration of the area as well, because after reclamation the area will be available for wildlife habitat and recreational use.

Continuing with informal proceedings will waste public resources since the positions of all the parties have been established by the correspondence in the Division's files. An informal conference would be a futile exercise which would result in the waste of the time and money of both the private parties and the Division. It is in the public interest to convert these proceedings from informal to formal.

Neither party will be prejudiced by the conversion of the hearing because both parties have had abundant opportunity to explain their respective positions to the Division. The record clearly demonstrates this assertion. On August 1, 1997, the Division informed Jumbo Mining Company ("JMC") that it intended to seek reclamation of the site unless JMC could provide reasons sufficient to the Division why the site

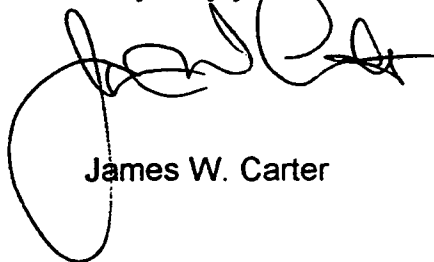
Page 2
Messrs. Cerny and King
April 9, 1997

should not be reclaimed. On August 9th, after reviewing JMC's reasons not to reclaim, the Division informed JMC that the reasons were inadequate and that the Division was requiring reclamation of the mine site. On August 15, 1996, JMC was provided with an informal conference with the Division to discuss the reclamation order. JMC has twice been given an opportunity to present its case and has twice failed to convince the Division to alter its position.

Western States Mineral Corporation ("WSMC") has also been given an opportunity to present its case to the Division. On August 9, 1996, WSMC was informed of the Division's intention to require reclamation. In a letter received by the Division on August 23, 1996, WSMC made its position crystal clear. WSMC believes it has no reclamation responsibility at the mine site and that JMC has all the reclamation responsibility. The Division's position that WSMC retains reclamation responsibility at the site is equally clear.

Conversion of these proceedings from informal to formal will not prejudice the parties, but will, instead, expedite resolution of the matter. Accordingly, the Division has filed with the Board of Oil, Gas and Mining the enclosed Notice of Agency Action seeking an order of the Board to both Jumbo Mining Company and Western States Minerals Corporation to immediately commence reclamation of the Drum Mine. The Division anticipates that the Board will set the matter for hearing on its agenda for May 28, 1997.

Very truly yours,

A handwritten signature in black ink, appearing to read 'James W. Carter', with a large, stylized loop at the end.

James W. Carter

dr
Enclosure
p:formal.wpd

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
Telephone: (801) 538-5340
Fax: (801) 359-3940

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. GENERAL INFORMATION

1. Report Time Period: From (mo./yr.) 1/90 To (mo./yr.) 12/90
2. DOGM File Number (original notice): M/023/013 (SEE ALSO M/027/007)
3. Mine Name: DRUM MINE PROJECT - ALTO/IBEX ADDENDUM
4. Legal Description (Location of Lands Affected):
 1/4, 1/4, Section 36, Township 14S, Range 11W
 1/4, 1/4, Section , Township , Range
 1/4, 1/4, Section , Township , Range
5. Mineral(s) Mined: GOLD
6. Name of Operator or Company: JUMBO MINING COMPANY
7. Permanent Address: 6305 FERN SPRING COVE
AUSTIN, TX 78730

8. Company Representative (or designated operator):

Name: E. B. KING
Title: PRESIDENT
Address: SAME AS ABOVE
Phone: 512-346-4537

☐ Please check if any of the above information has changed since previous year.

II. MINING AND RECLAMATION

1. Was the mine active during the past year? Yes ☐ No ☒

2. If active, how much ore or mineral was mined? NONE

3. Briefly describe any new or additional surface disturbances that occurred during the past year. This description should include the type of work performed, volume of material moved, and the acreage affected.

NONE

4. Briefly describe the reclamation work performed during the past year. This description should include acreage reclaimed, methods employed, and an evaluation of the results.

SEE REPORT FOR M/027/007

5. What was the total unreclaimed acreage at years end? SAME AS 1989

6. Briefly summarize mining and reclamation planned for the upcoming year.

DEPENDS ON PERMITS

NOTE: Section III., "Additional Information" applies only to large mining operations.

III. ADDITIONAL INFORMATION

1. An updated surface facilities map should be attached if there have been significant changes since the previous map was submitted.
2. Any monitoring results or other reports that are required under the terms of the approved notice of intention should also be attached.

IV. SIGNATURE REQUIREMENT

I hereby certify that the foregoing is true and correct.

Name (Typed or Print):

E. B. KING

Title of Operator:

PRESIDENT

Signature of Operator:

E. B. King

Date:

JANUARY 7, 1991

jb

MNMR-AR

RECEIVED

JAN 24 1992

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
Telephone: (801) 538-5340
Fax: (801) 359-3940

DIVISION OF
OIL GAS & MINING

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. GENERAL INFORMATION

1. Report Time Period: From (mo./yr.) 1/91 To (mo./yr.) 12/91
2. DOGM File Number: M/027/007
3. Mine Name: DRUM MINE
4. Mineral(s) Mined: GOLD
5. Legal Description (Location of Lands Affected): NONE ~ NO ACTIVITY
____ 1/4, ____ 1/4, Section _____, Township _____, Range _____
____ 1/4, ____ 1/4, Section _____, Township _____, Range _____
____ 1/4, ____ 1/4, Section _____, Township _____, Range _____
6. Name of Operator or Company: JUMBO MINING CO
7. Permanent Address: 6305 FERN SPRING COVE
AUSTIN, TX 78730

8. Company Representative (or designated operator):

Name: E. B. KING
Title: PRESIDENT
Address: 6305 FERN SPRING CVE AUSTIN TX
Phone: 512-346-4537

☐ Please check if any of the above information has changed since previous year.

II. MINING AND RECLAMATION

1. Was the mine active during the past year? Yes ☐ No ☒

2. If active, how much ore or mineral was mined? _____

3. How much new or additional acreage was affected during past year? NONE

4. Briefly describe any new or additional surface disturbances that occurred during the past year. This description should include the type of work performed, and volume of material moved.

NONE

5. How much acreage was reclaimed during past year? NONE

6. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.

NONE

7. What is the total disturbed acreage at years end? SAME AS STARTING
8. Briefly summarize mining and reclamation planned for the upcoming year.
CONTINGENT ON PERMITTING CLEARANCE
AND LEGAL ACTION WITH PRIOR OWNERS

NOTE: Section III., "Additional Information" applies only to large mining operations.

III. ADDITIONAL INFORMATION

1. An updated surface facilities map should be attached if there have been significant changes since the previous map was submitted.
2. Any monitoring results or other reports that are required under the terms of the approved notice of intention should also be attached.

IV. SIGNATURE REQUIREMENT

I hereby certify that the foregoing is true and correct.

Name (Typed or Print): E. B. KING

Title of Operator: PRESIDENT

Signature of Operator: E B King

Date: 1-21-92

jb
MR-AR

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
Telephone: (801) 538-5340
Fax: (801) 359-3940

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. GENERAL INFORMATION

1. Report Time Period: From (mo./yr.) 1/1/92 To (mo./yr.) 12/31/92
2. DOGM File Number: M 1027/007
3. Mine Name: DRUM MINE
4. Mineral(s) Mined: GOLD
5. Legal Description (Location of Lands Affected): ON FILE
 1/4, 1/4, Section , Township , Range
 1/4, 1/4, Section , Township , Range
 1/4, 1/4, Section , Township , Range
6. Name of Operator or Company: JUMBO MINING COMPANY

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JAN 15 1993

DIVISION OF
OIL GAS & MINING

Permanent Address: 6305 FERN SPRING COVE
AUSTIN, TX 78730

8. Company Representative (or designated operator):

Name: E. B. KING
Title: PRESIDENT
Address: (SAME)
Phone: 512-346-4537

☐ Please check if any of the above information has changed since previous year.

II. MINING AND RECLAMATION

1. Was the mine active during the past year? Yes ☐ No ☒

2. If active, how much ore or mineral was mined? NONE

3. How much new or additional acreage was affected during past year? NONE

4. Briefly describe any new or additional surface disturbances that occurred during the past year. This description should include the type of work performed, and volume of material moved.

NONE

5. How much acreage was reclaimed during past year? ± 20 ACRES - SEEDING

6. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.

SEE ABOVE

RECEIVED

JAN 15 1993

DIVISION OF
OIL GAS & MINING

7. What is the total disturbed acreage at years end? SAME 137²
8. Briefly summarize mining and reclamation planned for the upcoming year.
CONTINUED EXPLORATION & ENGINEERING / PERMITTING
ACTIVITIES ONLY. NEW DISTURBANCES UNCERTAIN.

NOTE: Section III., "Additional Information" applies only to large mining operations.

III. ADDITIONAL INFORMATION

1. An updated surface facilities map should be attached if there have been significant changes since the previous map was submitted. NONE
2. Any monitoring results or other reports that are required under the terms of the approved notice of intention should also be attached.
NONE

IV. SIGNATURE REQUIREMENT

I hereby certify that the foregoing is true and correct.

Name (Typed or Print): E.B. KING

Title of Operator: PRESIDENT

Signature of Operator: E.B. King

Date: JANUARY 12, 1993

jb
MR-AR

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JAN 15 1993

DIVISION OF
OIL GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
Telephone: (801) 538-5340
Fax: (801) 359-3940

ANNUAL REPORT OF MINING OPERATIONS

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I. General Information

1. Report Time Period: From (mo./yr.) JAN 1, 1993 To (mo./yr.) DEC 31, 1993
 2. DOGM File Number (Mine No): M/027/007
 3. Mine Name: DRUM MINE
 4. Mineral(s) Mined (or permitted to mine): GOLD
 5. Type of mine ☒ Surface Mine or ☐ Underground Mine
 6. Legal Description (Location of Lands Affected): ON FILE
____ 1/4, ____ 1/4, Section _____, Township _____, Range _____
____ 1/4, ____ 1/4, Section _____, Township _____, Range _____
____ 1/4, ____ 1/4, Section _____, Township _____, Range _____
 7. Name of Operator or Company: JUMBO MINING COMPANY
 8. Permanent Street Address: 6305 FERN SPRING COVE
City, State, Zip: AUSTIN, TX 78730
Phone: 512-346-4537
 9. Company Representative (or designated operator):
Name: E.B. KING
Title: PRESIDENT
Business Address: SAME AS ABOVE
City, State, Zip: _____
Phone: _____
- ☐ Please check if any of the above information has changed since previous year.

II. Mining and Reclamation

1. Was the mine active during the past year? Yes ☐ No ☒
2. If active, how much ore or mineral was mined? _____

3. How much additional acreage was disturbed during the past year? NONE
4. Briefly describe any new or additional surface disturbances that occurred during the past year. This description should include the type of work performed, and volume of material moved.
- _____
- _____
- _____
5. How much acreage was reclaimed during the past year? NONE
6. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.
- TEST PLOTS - RESEEDING
- _____
- _____
- _____
7. What is the total disturbed acreage at years end? NO CHANGE
8. Briefly summarize any mining and/or reclamation plans for the upcoming year.
- EXPLORATION, ENGINEERING & PERMITTING
- _____
- _____
- _____

NOTE: Section III., "Additional Information" applies only to large mining operations.

III. Additional Information

1. An updated surface facilities map should be attached if there have been significant changes since the previous map was submitted.
2. Any monitoring results or other reports that are required under the terms of the approved notice of intention should also be attached.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Print):

E.B. KING

Title of Operator:

PRESIDENT

Signature of Operator:

E.B. King

Date:

12-21-98

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
Telephone: (801) 538-5340
Fax: (801) 359-3940

JAN 6 1996

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. General Information

1. Report Time Period: From (mo./yr.) 1/1/95 To (mo./yr.) 12/31/95
2. DOGM File Number (Mine No): M /027 /007
3. Mine Name: Drum Mine
4. Mineral(s) Mined (or permitted to mine): Gold
5. Type of mine ☒ Surface Mine or ☐ Underground Mine
6. Legal Description (Location of Lands Affected): ON FILE
1/4, 1/4, Section , Township , Range
1/4, 1/4, Section , Township , Range
1/4, 1/4, Section , Township , Range
7. Name of Operator or Company: JUMBO MINING COMPANY
8. Permanent Street Address : 6305 Fern Spring Cove
City, State, Zip: Austin, TX 78730
Phone: 512-346-4537
9. Company Representative (or designated operator):
Name: E. B. King
Title: President
Business Address: Same as Above
City, State, Zip: _____
Phone: _____

☐ Please check if any of the above information has changed since previous year.

II. Mining and Reclamation

1. Was the mine active during the past year? Yes ☐ No ☒
2. If active, how much ore or mineral was mined? _____

3. How much additional acreage was disturbed during the past year? 0
4. Briefly describe any new or additional surface disturbances that occurred during the past year. This description should include the type of work performed, and volume of material moved.
- _____
- _____
- _____
5. How much acreage was reclaimed during the past year? None
6. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.
- Test plots - re-seeding
- _____
- _____
7. What is the total disturbed acreage at years end? No Change
8. Briefly summarize any mining and/or reclamation plans for the upcoming year.
- Exploration, engineering, permitting
- _____
- _____
- _____

NOTE: Section III., "Additional Information" applies only to large mining operations.

III. Additional Information

1. An updated surface facilities map should be attached if there have been significant changes since the previous map was submitted.
2. Any monitoring results or other reports that are required under the terms of the approved notice of intention should also be attached.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Print):

E. B. King

Title of Operator:

President

Signature of Operator:

E. B. King

Date:

January 9, 1996



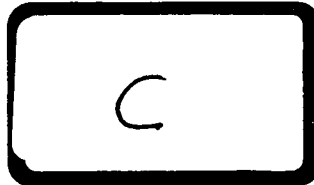
Norman H. Bangertter
Governor
Suzanne Dandoy, M.D., M.P.H.
Executive Director
Kenneth L. Alkema
Director

DEPARTMENT OF HEALTH
DIVISION OF ENVIRONMENTAL HEALTH

288 North 1460 West
P.O. Box 16690
Salt Lake City, Utah 84116-0690
(801) 538-6121

December 14, 1988

Mr. Ed King
Jumbo Mining Co.
6305 Fern Spring Cove
Austin, Texas 78730



12, 127, 001
YOUR COPY

RECEIVED
MAR 10 1989

DIVISION OF
OIL, GAS & MINING

Re: Jumbo Mine (formerly Drum Mine)
Project Statement

Dear Mr. King:

We have reviewed your proposal dated 21 October 1988 concerning future operations at the Drum mine which your company has recently purchased. Many of our concerns are related to protecting our ground water resources.

The three (3) heap leach pads defined in our 4 October 1983 construction permit may be leached (per our 23 September 1988 order) until 1 October 1990. Ore shall not be placed any higher than forty (40) feet as stated in our 21 July 1988 letter.

The thirteen (13) acre heap leach pad defined in our 16 March 1984 construction permit may be leached (per our 23 September 1988 order) until 1 October 1990. Ore shall not be placed any higher than forty (40) feet as stated in our 21 July 1988 letter.

The Bureau of Water Pollution Control (the Bureau) will not consider requests to extend the operating life of these facilities beyond 1 October 1990. This is because of the temporary nature of heap leach construction and because the Bureau is developing regulations for heap leach operations which require more protection for surface and ground water than these facilities provide.

Based on the information presented in your 21 October 1988 letter, it seems reasonable that authorized heap leach pad # 4 and unauthorized heap leach pad #5 as defined in our 23 September 1988 order are in fact the fourth permitted heap leach pad as described in our 16 March 1984 construction permit. This conclusion is based on the following:

1. The size of the heap leach pad described in the 16 March 1984 construction permit and the combined size of pads #4 and #5 are approximately the same i.e. 13 acres.
2. Heap leach pads #4 and #5 are in fact not two separate pads but are constructed as one.
3. As best can be established, the pads were constructed at the same time.

4. Jumbo's presentation that the size of heap leach pads #4 and #5 was larger than the hydraulic capacity of the process solution system could supply. Therefore for operational considerations the pad permitted in our 16 March 1984 construction permit is in fact pad #4 and #5 as referred to in our 23 September 1988 order.

Your letter of October 21, 1988 also requested permission to mine and load new ore on the approved heap leach pads. This will be allowed as a modification to our order to Western States Minerals of 23 September 1988.

The following shall be submitted for review and approval prior to removing any ore from the existing heap leach pads or commencing leaching operations:

1. Each pad shall be evaluated to establish the thickness of ore which shall remain to be a protective cover for the liner if you wish to treat, crush or restack the ore. The acceptable thickness shall be at least two feet but no less than twice the maximum ore particle size..
2. The concept of positive depth restraints on the bulldozer ripper tooth shall be explained.
3. The process by which spent ore will be recrushed, exposed to cyanide etc. without contamination to surface or ground water, shall be submitted for review.
4. Provisions which will prevent spillage of cyanide or cyanide laden ore being transported shall be submitted for review.
5. All unauthorized pads shall be dealt with as described in our 23 September 1988 order.
6. Continued leaching of authorized pads #1, #2, #3, #4 and #5 (based on the previous presentation) will be allowed only until 1 October 1990 as stated in our 23 September 1988 order.
7. The quality of the PVC liner shall be evaluated in detail with documentation to determine its present condition and on an annual basis thereafter throughout the remainder of the project. This evaluation shall be reported in writing to the Bureau of Water Pollution Control by 1 May of each year.
8. The neutralization criteria for the heap leach pads and process ponds shall be reviewed and approved by the Bureau.
9. If the ore already on the pads will be leached with chemicals other than cyanide, a new plan must be submitted for review.
10. Existing ore and new ore may be loaded onto any authorized pad to a maximum height of 40-feet. This limitation will not require Jumbo Mining to reduce the height of ore stacked in excess of 40-feet by Western States Minerals to within this limit.

Mr. Ed King
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Please call Mack Croft or Charlie Dietz if there are any questions.

Sincerely,

Utah Water Pollution Control Committee

Don A. Ostler, P.E.
Executive Secretary

cc: Roger Foisy, Central Utah District Health Department, Richfield
Bruce Hall, Central Utah District Health Department, Nephi

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Steven E. Clyde (0686)
CLYDE, PRATT & SNOW
Attorneys for Plaintiff
200 American Savings Plaza
77 West 200 South
Salt Lake City, Utah 84101
Telephone: (801) 322-2516

RECEIVED

MAY 20 1991

DIVISION OF
OIL GAS & MINING

BEFORE THE DIVISION OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

IN RE: DRUM MINE PERMIT	:	PETITIONER'S RESPONSE TO
M/027/007	:	WESTERN STATES MINERALS
	:	CORPORATIONS' MOTION TO
JUMBO MINING COMPANY,	:	DISMISS PETITIONER'S
PETITIONER	:	REQUEST FOR AGENCY ACTION
	:	AND TO COMMENCE A FORMAL
	:	ADJUDICATIVE PROCEEDING
	:	DUCKET NO. 91-621
	:	DIVISION FILE No. M/027/007
	:	

Petitioner, Jumbo Mining Company, (Jumbo) hereby responds to the Motion to Dismiss filed by Western States Minerals Corporation. The basis of its motion is that the parties are litigating their contract dispute before the Colorado District Court. The court will eventually decide who bears the contractual responsibility for certain obligations as between these parties for the reclamation of the property. It therefore urges the Division and/or the Board to take no action in connection with Western States' lack of performance of its reclamation obligations to the State of Utah because it is hoping it can lay its economic responsibilities off onto Jumbo and therefore it does not want to have to spend any

money now to perform its obligations to the State of Utah. This argument is not persuasive.

The Colorado court does not have jurisdiction over the State of Utah and its agencies. The State is not a party to that action and is in no way bound by the court's ruling on Jumbo's request for a preliminary injunction, nor will it be bound by the ultimate resolution of that action. Any final judgment will be binding only on the parties to that contract.

Western States has an obligation to the State of Utah to reclaim the land it disturbed in its operations. That obligation exists independently of the contract between Jumbo and Western States, and that obligation will continue to exist independently of and regardless of the outcome of the litigation between them. That fact was well noted by the Division in its approval of the partial permit transfer, where it stated that it will continue to hold Western States responsible for the reclamation of the 42 acres disturbed by it and for the restoration of the missing top soil.

Western States is in default for failing to restore the top soil to the property as required by its permit. It has made no showing in its Motion or otherwise as to why it should not be required to meet its obligations to the State or have its reclamation surety bond forfeited if it fails to do so.

To paraphrase the Colorado Court, Western States has made no showing as to why money damages cannot compensate it for any of costs it might incur in the satisfaction of its reclamation

obligations to the State in the event the court resolves the pending litigation in Western States' favor.

Reclamation of those areas disturbed by Western States is appropriate at this point in time. Western States has stopped its mining activities on this land and has in fact sold its interest in the land. Jumbo Mining has exhausted its efforts to obtain the right to conduct the leak tests on the two leach pads that might have altered the areas of responsibility as delineated in the partial permit transfer. Therefore the conditions of the partial permit transfer ought to be invoked and Western States ought to be required to reclaim the land for which it remains responsible to the State of Utah.

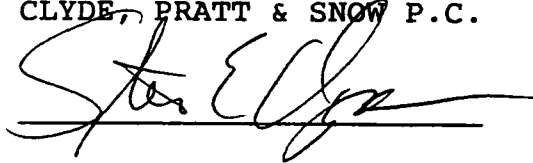
The State of Utah is clearly being damaged by allowing the land disturbed by Western States to go unreclaimed while the litigation progresses, as the resolution of that action could be delayed for some time if the decision of the trial court is appealed.

Western States should be ordered to perform its reclamation obligations to the State of Utah, and its bond should be forfeited if it fails and refuses to do so. If Western States eventually prevails in the Colorado litigation with Jumbo, it has an adequate remedy at law and can be fully compensated by money damages. Therefore, no reason exists for the State to not insist upon Western States immediate performance of its reclamation obligations; including the restoration of the missing top soil, and

the forfeiture of its bond if necessary to enforce this obligation.

Dated this 26th day of May, 1991.

CLYDE, PRATT & SNOW P.C.



MAILING CERTIFICATE

I hereby certify that I served the above Response to Western States Motion to Dismiss, by depositing the foregoing into the U. S. Mail, postage prepaid, to the following individuals at the address shown below:

Stephen D. Alfers
Richard A. Westfall
Lisa M. Bain
DAVIS, GRAHAM AND STUBBS
Suite 4700
370 Seventeenth Street
P.O. Box 185
Denver, Colorado 80201-0185

James R. Haisley
Davis, Graham & Stubbs
1660-87 Eagle Gate Tower
Salt Lake City, Utah 84111-6000

Mr. Lowell P. Braxton
Associate Director, Mining
Division of Oil, Gas, and Mining
Department of Natural Resources
355 West North Temple
31 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203.

Dated this 26th May, 1991.

